



Ontario

Ministry
of Revenue

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Retail Sales Tax Branch

Information Bulletin

Retail Sales Tax Act

Number 1-77

April 20, 1977

ONTARIO BUDGET 1977

This Bulletin summarizes major changes, affecting *The Retail Sales Tax Act*, proposed by the Treasurer of Ontario in the 1977 Budget released April 19, 1977. Other Bulletins deal with changes in other taxes.

HIGHLIGHTS

- COMPENSATION TO VENDORS INCREASED TO 4 PERCENT
- PREPARED MEAL EXEMPTION INCREASED TO \$6.00
- ENERGY CONSERVATION EXEMPTIONS EXTENDED AND SIMPLIFIED
- EXEMPTION ON PRICES OF ADMISSION INCREASED TO \$3.00
- DISPOSABLE ITEMS EXEMPTED FOR USE IN TAXABLE ACCOMMODATION

If you require further information, please contact your local Retail Sales Tax District Office. The District Offices are listed on the back of this Bulletin.

REMINDER TO RETAILERS OF TOBACCO PRODUCTS

- TAX RATE CHANGE AFFECTING INVENTORY ON HAND, APRIL 19th



COMPENSATION TO VENDORS INCREASED

Compensation to vendors is increased to 4% of the tax collected on sales, with an overall maximum of \$700 per year.

The minimum compensation per return card is increased to \$3.00 or the tax collected, if less than \$3.00.

The increased rates of compensation are shown in the table below:

TAX REPORTED ON EACH RETURN CARD	COMPENSATION (Maximum \$700 per fiscal year)
0 to \$3.00	The tax collected.
\$3.01 to \$75.00	\$3.00
\$75.01 and over	4% of tax collected— maximum \$700 per fiscal year.

Fiscal year means the twelve months commencing April 1

The increased rates shown above apply to tax collected on sales made on and after April 1, 1977. The maximum compensation payable to any one vendor may not exceed \$700 for the 12 month period commencing April 1 in any year, regardless of the number of different locations, businesses or names used by the vendor.

Compensation can be claimed only on tax collected on sales, not on the tax payable for goods purchased or manufactured for own use by the vendor.

No compensation may be claimed for tax collected and reported on a return filed after the due date, or where the return card is not accompanied by a negotiable remittance in the correct amount.



PREPARED MEAL EXEMPTION INCREASED TO \$6.00

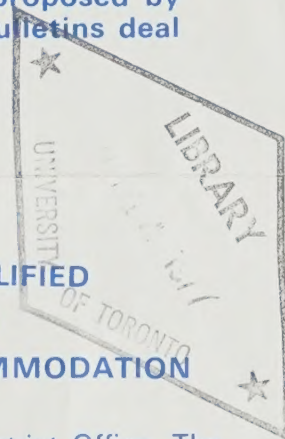
Effective April 20, 1977, no tax applies where the price of a prepared meal (excluding liquor, beer or wine) is \$6.00 or less. Where the price of a prepared meal exceeds \$6.00, tax at the rate of 10% applies to the full price of the meal.

Prior to April 20, 1977, the exemption level for a prepared meal was \$5.00.

1. If a separate bill is issued to each customer, tax at 10% applies only to those bills that exceed \$6.00, and no tax applies to bills of \$6.00 or less.
2. If meals for several persons are recorded on one bill, "averaging" may be used provided the number of persons in the group is also shown. If the average price per person totals \$6.00 or less, the meals are not taxable. However, tax does apply to the full amount of the bill if the average price per person exceeds \$6.00. If the customer questions the averaging method, the issuing of separate checks for persons in the group will generally avoid further difficulties.
3. Some restaurants divide their bills horizontally or vertically, so that the cost of an individual's meal may be shown separately, even though several meals appear on the one bill. Under such circumstances, only those meals sold for more than \$6.00 are to be taxed.

Charges for liquor, beer and wine must always be shown separately and the total taxed at 10%.

Vendors providing meals and accommodation under the American Plan will be affected by the above change. A bulletin detailing revisions to the tax formulas used by American Plan Operators will be issued shortly.





ENERGY CONSERVATION EXEMPTION EXTENDED AND SIMPLIFIED

The exemption introduced in April 1976 for thermal insulation materials used exclusively for the insulation of existing residential buildings is extended to exempt such thermal insulation—including urethane foam insulation—used in *all* buildings, effective April 20, 1977.

Exemption is also provided for the following energy conservation materials and equipment purchased on or after April 20, 1977:

- Heat pumps for use principally to provide heat in a heating system of a building.
- Heat recovery units and devices for extracting heat from exhaust air or from waste water for recovery of energy.
- Solar cells designed to produce electricity directly from sunlight for charging batteries.
- Solar furnaces, solar panels and tubes specially designed for collecting and converting solar energy into heat for use in solar heating systems.
- Wind generators and windmills for converting wind power to mechanical or electrical energy; pumps and generators specially designed for use directly with such devices.
- Timer-controlled thermostats for heating systems for buildings; automatic timer controls for electrical equipment.
- Wood-burning stoves and wood-burning furnaces.
- Wind deflectors for trucks.

The exemption **DOES NOT** cover the following materials which remain taxable:

- wallboard or drywall;
- any materials incorporated into a building primarily for their structural or decorative value;
- materials serving other functions as well as having thermal insulating properties;
- acoustical insulation and acoustical materials;

- chemicals purchased separately which when combined produce a urethane foam;
- windows and doors of any type and frames therefor;
- pipe, boiler and duct insulation and wrapping materials.

The requirement for a special thermal insulation materials exemption certificate is removed.



EXEMPTION ON PRICES OF ADMISSION

Effective April 20, 1977, the exemption on the price of admission to a place of amusement is increased from 75¢ to \$3.00. The exemption is applicable to tickets delivered on or after April 20, 1977 to the purchaser of an admission.

Where the price of admission exceeds \$3.00, retail sales tax is payable at the rate of 10% on the full amount.



DISPOSABLE ITEMS EXEMPTED FOR USE IN TAXABLE ACCOMMODATION

Hotels, motels and similar establishments in the business of providing taxable transient accommodation are to be exempted from the payment of retail sales tax on their purchases of the following items provided for use in guest rooms **ONLY**:

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| • facial tissue | • paper shoe shiners |
| • toilet tissue | • toilet seat strips |
| • bar soap | • shower caps |
| • sani bags | • matches |
| • sanitary covers for glasses | • soap flakes |
| • paper ice buckets | • paper laundry bags |
| • paper bath mats | • disposable combs |
| | • sewing kits |

The exemption will apply to purchases made on or after April 20, 1977.

TOBACCO TAX

Tax on Tobaccos Increased—REMINDER

Effective April 20, 1977, the tax on cigarettes is increased from 14.2¢ per 20 cigarettes to 19.2¢ per 20 cigarettes, an increase of ½¢ on each cigarette. The tax on cigars is double the previous rate. The tax on cut tobaccos has also been increased. The new rate is 0.35¢ per gram of tobacco which converts to 5¢ per ½ ounce.

All retailers who held stocks of cigarettes, cigars, and tobaccos in Ontario at midnight April 19th, 1977, will be required to complete an Inventory Declaration and Advice Form and to remit the additional tobacco tax due on these stocks to the Ministry of Revenue. Any retailer of tobacco products who did not receive an Inventory Declaration and Advice Form should advise the Gasoline Tax Branch, Ministry of Revenue, Queen's Park, Toronto, Ontario, M7A 1Y3, (416) 965-2587. Forms are also available from the Retail Sales Tax Office serving your area—as listed below.

FOR FURTHER INFORMATION CONSULT THE DISTRICT OFFICE IN YOUR AREA,
AS LISTED BELOW:

BELLEVEILLE K8N 1E3	208 Dundas Street East 962-9108	ORILLIA L3V 6K5	19 Front Street North P.O. Box 670 326-3519	TORONTO M4P 1H6	2300 Yonge St., 10th Floor 487-7161
HAMILTON L8P 1B4	361 King Street West 528-8393	OTTAWA K1Z 7L7	1419 Carling Avenue Hampton Park Plaza 728-5887	WELLAND L3B 3Z7	76 Division Street 732-1318 (In St. Catharines and Niagara Falls, Call 688-1360 or 688-1368)
KITCHENER N2G 1G1	824 King Street West 744-6318	SUDBURY P3A 1Z7	1536 LaSalle Blvd. 674-3151	WINDSOR N9A 1A8	374 Ouellette Avenue 252-4405
LONDON N6C 4P4	310 Wellington Rd. 433-4033	THUNDER BAY P7C 5G6	435 James Street South P.O. Box 5000 Ontario Government Bldg. 475-1681		
NORTH BAY P1B 2H3	1500 Fisher Street Northgate Plaza 474-4900				